PIRELLI

PRESS RELEASE

PIRELLI & C. SPA BOARD OF DIRECTORS' MEETING:

STRATEGY TO FOCUS ON CORE BUSINESSES APPROVED

RESULTS AS OF 30 SEPTEMBER 2007 APPROVED: INCREASE IN REVENUES AND NET INCOME

PROPOSAL TO EXTRAORDINARY SHAREHOLDERS' MEETING FOR 1,235 MILLION EURO REDUCTION OF SHARE CAPITAL: NOMINAL VALUE OF EACH SHARE WILL CHANGE FROM 0.52 EUROS TO 0.29 EUROS

THE MOVE IS DIRECTED TOWARDS DISTRIBUTION OF AN "EXTRAORDINARY DIVIDEND" OF 0.154 EUROS PER SHARE (FOR A TOTAL AMOUNT OF 827 MILLION EUROS) AND THE SETTING ASIDE OF RESERVES FOR 408 MILLION EUROS IN ORDER TO OPTIMIZE THE EQUITY STRUCTURE OF THE COMPANY

MANDATE TO THE CHAIRMAN TO BEGIN CONTACTS WITH SPEED TO EVALUATE POSSIBLE REPURCHASE OF 38.9% OF PIRELLI TYRE

- **REVENUES: 5,234.4 MILLION EUROS; GROWTH ON A LIKE-FOR-LIKE BASIS (NET OF EXCHANGE RATE AND DGAG EFFECTS) +10.1%**

- **EBIT INCLUDING INCOME FROM EQUITY PARTICIPATIONS: 450 MILLION EUROS (396.8 MILLION EUROS AS OF 30 SEPTEMBER 2006, NET OF CAPITAL GAIN FROM THE SALE OF 38.9% OF PIRELLI TYRE; 813.2 MILLION EUROS INCLUSIVE OF SAME CAPITAL GAIN)**

- **NET INCOME: 243.3 MILLION EUROS (-1,410.5 MILLION EUROS AS OF 30 SEPTEMBER 2006 DUE TO OLIMPIA WRITEDOWN), OF WHICH 129.8 MILLION EUROS ATTRIBUTABLE NET INCOME (-1,472.4 MILLION EUROS IN 2006)**

- **NET FINANCIAL POSITION: -2,328.8 MILLION EUROS. THE FIGURE DOES NOT INCLUDE THE POSITIVE IMPACT OF THE SALE OF OLIMPIA, CLOSED ON 25 OCTOBER 2007. THE CHANGE COMPARED WITH THE -2,969.2 MILLION EUROS AS OF 30 JUNE IS DUE MAINLY TO THE NEAR CONCLUSION OF DGAG DECONSOLIDATION**

- **PIRELLI TYRE: REVENUES 3,191.8 MILLION EUROS (+8% NET OF EXCHANGE RATE EFFECT), EBIT 286.2 MILLION EUROS (+5.5%), NET INCOME 160 MILLION EUROS (+4.2%)**

- **PIRELLI RE: PRO-QUOTA AGGREGATE REVENUES (NET OF DECONSOLIDATION OF DGAG) 1,071.9 MILLION EUROS (+17%), EBIT INCLUDING INCOME FROM EQUITY PARTICIPATIONS 164 MILLION EUROS (141.2 MILLION EUROS NET OF DGAG EFFECT, +22%), NET INCOME 95.8 MILLION EUROS (+14%)**

- **FOR 2007 THE PIRELLI & C. SPA GROUP CONFIRMS ITS EXPECTATIONS OF IMPROVEMENT OF RESULT**

Milan, 9 November 2007 – The **Board of Directors** of **Pirelli & C. SpA**, which met today, approved the **strategy to focus on the core businesses** and reviewed the **definitive results** of the Company regarding the **first nine months** of **2007**.

Pirelli & C. SpA Group

The **Group's results** as of 30 September 2007 **benefited** from the **positive performance** of the **tyre** and **real estate** businesses, which in the first nine months of the year **continued** in the direction of further **international expansion**. In the January – September period, at consolidated level, there was a strong **increase** in **revenues** on a like-for-like basis (**+10.1%**) and in the **net result** (which was negative in 2006 due to the effect of the writedown of the stake in Olimpia). **EBIT including income from equity participations** also rose (**+13.4%**), net of extraordinary components (the capital gain from the sale of 38.9% of Pirelli Tyre) which characterized the previous period.

In **industrial activities**, **Pirelli Tyre** realized an **increase** in **revenues** (**+8%** net of the exchange rate effect) and in **operating income** (**+5.5%**), maintaining profitability constant at high levels, in a particularly competitive world market characterized by upward consolidation of raw materials costs, higher than in the same period of 2006. In **real estate activities, Pirelli RE** closed the first nine months of 2007 with **double-digit growth** in **EBIT including income from equity participations** (**+22%** net of DGAG effect) and in **net income** (**+14%**). In the start-up businesses, revenues of **Pirelli Broadband Solutions**, though they grew in the third quarter, suffered in the nine-month period from the difficult performance of the world market for telecommunications infrastructure. Revenues of **Pirelli Ambiente**, meanwhile, were substantially stable net of the extraordinary income which characterized the previous period.

At consolidated level, **revenues** of the Group as of 30 September 2007 amounted to **5,234.4 million** euros, **up 44.5%** compared with 3,623.1 million euros in the same period of 2006. Excluding sales relating to deconsolidation of the real estate assets of DGAG, revenues amounted to **3,951.2 million** euros. Also considering the exchange rate effect, revenues, on a like-for-like basis, rose **10.1%** compared with the first nine months of 2006.

EBITDA amounted to **445 million** euros, **down 3.7%** compared with **462 million** euros in the first nine months of 2006. **EBIT**, at **285.2 million** euros, **fell 4.8%** from 299.7 million euros as of 30 September 2006. Compared with the previous year, at the level of EBITDA and EBIT, the contribution of real estate activities was reduced, though there was a significant increase in the result from equity participations. In 2006, operating results included non-recurring costs of 13.5 million euros related to the IPO project for Pirelli Tyre.

EBIT including income from equity participations, which includes the effect of the results of the companies valued according to the shareholders' equity method, and the dividends from the other non-consolidated equity participations, amounted to **450 million** euros. The figure is up **13.4%** compared with that of the first nine months of 2006 (396.8 million euros), net of the extraordinary component represented by the capital gain of 416.4 million euros obtained in the third quarter of last year from the sale of 38.9% of Pirelli Tyre. Including that capital gain, operating income including income from equity participations in the first nine months of 2006 was 813.2 million euros.

Olimpia, following the sale agreement between Pirelli/Sintonia and Telco signed on 4 May 2007 and closed last 25 October, is considered on the basis of IFRS as *discontinued operations* (businesses sold) and contributes only to the net result after taxes. The impact of Olimpia on the net result of the first nine months of 2007 was negative for 54.8 million euros and is linked to alignment of the value of the company to the sale price (3,329 million euros for the 80% stake held by Pirelli), compared with a negative figure of 1,983 million euros as of 30 September 2006 (due mainly to the writedown which occurred in the third quarter). Among the discontinued operations, the capital gain linked to the sale of warrants on Prysmian (Lux) to Goldman Sachs, which occurred in the first quarter of 2007 (91 million euros), is also included.

Total **net income** was therefore **positive** for **243.3 million** euros, compared with -1,410.5 million euros as of 30 September 2006. **Attributable net income** of Pirelli & C. SpA was **positive** for **129.8 million** euros, compared with -1,472.4 million euros as of 30 September 2006.

Consolidated shareholders' equity as of 30 September 2007 was **4,665.1** million euros, compared with 4,686.6 million euros at the end of 2006. **Attributable shareholders' equity** of Pirelli & C. SpA was **3,858.3** million euros (0.719 euros per share), compared with 3,879.6 million euros at the end of 2006.

The **net financial position** of the Group as of 30 September 2007 was **negative** for **2,328.8 million** euros. The figure does not include the proceeds from the sale of Olimpia, closed on 25 October 2007. The change compared with -2,969.2 million euros as of 30 June is mainly linked to the process of deconsolidation of DGAG, which has been substantially completed. The impact of that transaction on the net financial position of Pirelli RE was negative for 93.2 million euros. As of 30 September 2006, the net financial position of the Pirelli & C. SpA Group was negative for 1,430.8 million euros.

The **net financial position** at corporate level as of 30 September 2007 was negative for **1,245.6 million** euros.

The **personnel** of the Group as of 30 September 2007 counted **31,502** compared with 28,617 as of 31 December 2006, with an increase of 2,885 units linked mainly to expansion of the tyre and real estate businesses.

Pirelli Tyre

Revenues of Pirelli Tyre as of 30 September 2007 amounted to **3,191.8 million** euros, with an **increase** of **6.7%** compared with 2,990.6 million euros in the first nine months of 2006, determined by greater volumes and a focus on product mix, which more than compensated the negative exchange rate effect arising from the strengthening of the euro. Net of the exchange rate effect, the change was a positive **8%**. **Sales in the third quarter** amounted to **1,040.4 million** euros (**+7%**).

EBITDA amounted to **430.6 million** euros (**13.5%** of sales), **up 3%** compared with 418.1 million euros in the first nine months of 2006.

Operating income was **286.2 million** euros, up **5.5%** compared with 271.4 million euros in the first nine months of 2006, with a **ROS** of **9%** in line with the previous year. The increase in revenues and efficiencies compensated for the rise in the cost of raw materials which had a negative effect on results, net of exchange rates, of 15.9 million euros. **Third quarter operating** income was **79.9 million** euros (**+4%**).

Net income in the first nine months amounted to **160 million** euros (after financial charges of 43.2 million euros and tax charges of 83.4 million euros), **up 4.2%** compared with 153.6 million euros as of 30 September 2006 (after financial charges of 42.3 million euros and tax charges of 75.8 million euros).

The **net financial position** in the first nine months was **negative** for **687 million** euros, an improvement over the -695.5 million euros as of 30 June 2007 and the -783.3 million euros as of 30 September 2006.

As of 30 September 2007 **employees** of Pirelli Tyre counted **27,138** (of which 14% temporary workers), compared with 25,169 (of which 13% temporary) as of 31 December 2006, thanks to growth of businesses in South America and especially in the new industrial facilities in Romania and China.

In the **Consumer** business, the first nine months showed overall growth in terms of both sales and profitability compared with the same period in 2006, thanks to greater volumes and to a better price/mix component. In particular, revenues amounted to 2,212 million euros (+6.8%), while operating income from ordinary business amounted to 201.8 million euros (+6.9%), with a ROS of 9.1%. In the *Car/Light Truck* segment, Pirelli grew at double digit rates in North America, despite stable demand in replacement tyres and falling demand in original equipment, and benefited from an increase in demand in South America, driven by original equipment. In Europe as well, volumes growth was realized in original equipment. The *Motorcycle* segment also grew, in all world markets, where the Pirelli and Metzeler brands further strengthened their respective market shares.

In the **Industrial** business, the first nine months closed with revenues of 980 million euros (+6.6%). Operating income of ordinary business was 84.4 million euros, slightly higher than the figure in the first nine months of 2006, despite the increase in cost factors, of natural rubber and of energy. The ROS was 8.6%. In the *tyres for industrial vehicles* segment, Pirelli registered sales growth in China and in its areas of reference (the Mediterranean and South America), while in *steelcord* the Company had an increase in volumes compared with the same period of the previous year, thanks to a continuous increase in manufacturing capacity in low cost countries.

Pirelli RE

Pirelli RE is a **management company** that manages funds and companies that own real estate and non-performing loans, in which it coinvests with minority stakes (investment and asset management business) and to which it provides, as well as to other customers, every kind of specialized real estate service, both directly and through a network of franchised agencies (service provider business). Consequently, in reading the amounts reported below, the most significant indicators to express the Group's share of turnover and earnings trend are respectively **pro-quota aggregate revenues** and **EBIT including income from equity participations**.

Pro-quota aggregate revenues, net of the component relating to the DGAG deconsolidation (equal to 1,283.2 million euros), amounted to **1,071.9 million** euros, up **17%** compared with the first nine months of 2006 (915.1 million euros). **Consolidated revenues**, net of the component relating to DGAG deconsolidation, amounted to 612.5 million euros, with an increase of 31.9% (464.4 million euros as of 30 September 2006). Total consolidated revenues amounted to 1,895.7 million euros.

EBIT including income from equity participations amounted to **164 million** euros, compared with 115.6 million euros in the first nine months of 2006; net of the effect of the consolidation of DGAG, mainly deriving from rentals, and largely concluded at the end of September, the result is equal to **141.2 million** euros, representing an **increase** of **22%**. In particular, Investment and Asset Management activities saw an increase in results from 93.5 million euros in the first nine months of 2006 to 130.4 million euros as of 30 September 2007, benefiting from the DGAG effect equal to 22.8 million euros, while strengthening of the Facility business throught the entry of a 49% partner (Intesa Sanpaolo) – which occurred in the first half with the aim to develop the sector from a European perspective – contributed signficantly (+42 million euros) to the strong growth in operating income of Services (+46%).

Attributable **net income** was **95.8 million** euros, up **14%** compared with 84 million euros as of 30 September 2006.

The **net financial position** was **negative** for **337.4 million** euros (-1,094.8 million euros as of 30 June 2007), of which 93.2 million euros attributable to the acquisition of DGAG, for which during the quarter the process of deconsolidation was nearly completed.

Employees of Pirelli RE as of 30 September 2007 counted **2,742** (1,864 at end 2006).

For further information on the performance of the real estate business please refer to the press release issued on 7 November by Pirelli & C. Real Estate.

Pirelli Broadband Solutions

Revenues as of 30 September 2007 amounted to **91.9 million** euros, **down 10.4%** compared with 102.6 million euros in the first nine months of 2006. In the June-September 2007 period, nevertheless, sales of the Company registered an **increase** of **20.7%** compared with the same period in the previous year, inverting the negative trend of the first two quarters. The overall change compared with the figure of the first nine months of 2006 was due to the different product mix in broadband access, and to the temporary slowing of demand in the world market of telecommunications infrastructure.

EBITDA of the company was negative for **8.4 million** euros, compared with a substantial break-even as of 30 September 2006.

Operating income was negative for **10.1 million** euros, compared with a negative figure of 1 million euros in the same period of 2006. In addition to the contraction in revenues and relating margins, the increase of **research costs** sustained by new generation photonics for development and customizing of products also affected the change in operating results.

The **net result** of the company as of 30 September 2007 was negative for **12.6 million** euros, compared with -2.5 million euros in the first nine months of 2006.

The **net financial position** was negative for **46 million** euros compared with -22.3 million euros as of 30 June 2007 (negative for 9 million euros as of 30 September 2006). The increase, in the quarter, was mainly due to a variation in working capital.

Employees as of 30 September counted 193, compared with 166 as of 31 December 2006.

In the **broadband access** business, in the latest quarter there was an increase in sales volumes of set-top boxes; the first nine months of the year were characterized by a consolidation of the products portfolio with the launch of set-top-box sales, while the transition to new generation access gateways (ADSL2/2+) was completed.

In the **photonics** business, development activity in the first nine months focused mainly on the three main areas of action: innovative optical components, optic modules and transportation systems. In the optical systems area, sales declined due to a slowing of investments in infrastructure by the main telecommunications operators. In the last part of the year the company expects growth in production volumes of tunable laser and placement on the market of innovative optoelectronic modules.

In second generation photonics, after the end of the quarter, the Pirelli Group acquired from Alcatel-Lucent 12.4% of Avanex, one of the major world players in modules and optical components for telecommunications, with products complementary to those of Pirelli Broadband Solutions. As part of the transaction, Pirelli also signed an agreement for supply of optical components to Alcatel-Lucent.

Pirelli Ambiente

Pirelli Ambiente reached **revenues** of **50.7 million** euros as of 30 September 2007, substantially stable compared with 54.5 million euros in the first nine months of 2006 net of the positive effect of the agreement with UK company ReEnergy that had characterized the previous period.

Operating income as of 30 September 2007, negative for **5 million** euros, was affected by start-up costs of the new businesses of manufacturing and sales of particulate filters. In the first nine months of 2006, operating income was positive for 0.9 million euros, mainly thanks to the effect of the agreement with ReEnergy.

The **net result** of the company was negative for **5.3 million** euros, compared with a positive figure of 0.5 million euros as of 30 September 2006.

The **net financial position** was negative for **12.8 million** euros compared with -6.3 million euros as of 30 June 2007 (positive for 0.3 million euros as of 30 September 2006). The increase in the quarter was due to the investment made to set up the Solar Utility SpA joint venture.

Employees as of 30 September counted **72**, compared with 52 as of 31 December 2006.

Sales of the company were mainly linked to sales of low environmental impact fuel Gecam-Il Gasolio Bianco, including in the French market through the Gecam France subsidiary, and to development of the new line of business of particulate filters for reduction of diesel vehicle emissions. During the period, work began on realization of the new particulate filter factory for original equipment in the county of Gorj, in Romania, which will be operative in the second half of 2008. In addition, activities linked to energy recovery from waste and environmental site remediation are continuing. During the third quarter, further, Solar Utility SpA, a 50/50 joint venture with the Global Cleantech Capital fund active in the photovoltaic sector, was set up.

Prospects for the current year

The good performance of the main businesses in the first nine months of the year allows the **Pirelli & C. SpA Group** to confirm for the full year 2007 an **improvement of the result,** assuming no external elements of an extraordinary nature unpredictable as of today.

Destination of the proceeds from the Olimpia sale

The Board of Directors, within the context of the strategies relating to the destination of proceeds deriving from the sale of the stake in Olimpia, decided to submit for approval of the Extraordinary Shareholders' Meeting (11 and 12 December 2007 on first and second call respectively) and the Special Meeting for Savings Shareholders (12, 13 and 14 December 2007 in first, second and third call respectively) of Pirelli & C. SpA, a reduction of the share capital of approximately 1,235 million euros, and therefore from the current

2,791,311,344.64 euros to 1,556,692,865.28 euros, by way of a reduction of the nominal value per unit of ordinary shares and savings shares, which will change from the current 0.52 euros to 0.29 euros.

The purpose of the reduction is to allow payment to shareholders of part of the financial resources obtained from the sale of the stake in Olimpia SpA, through distribution of an "extraordinary dividend" of 0.154 euros per share (for a total amount of approximately 827 million euros), as well as to optimize the equity structure of the company, by way of setting aside to reserves of approximately 408 million euros. These reserves will be able to be used in the future, where opportune, for carrying out possible buyback plans of treasury shares. As far as the tax implications of the proposed transaction, realizing a reimbursement of share capital, it is exempt both for the Company and for the shareholder-beneficiary of the distribution. It may be assumed that the "extraordinary dividend" will be paid starting from mid March 2008.

The Board, finally, gave a mandate to the Chairman to start contacts with Speed SpA in order to evaluate the possible repurchase of 38.9% of Pirelli Tyre SpA.

Relevant facts which occurred after 30 September 2007

On 25 October, Pirelli & C. SpA, Sintonia SpA and Sintonia SA finalized the agreement, signed last 4 May, relating to sale of 100% of Olimpia SpA to Telco SpA, a company owned by Assicurazioni Generali SpA, Intesa Sanpaolo SpA, Mediobanca SpA, Sintonia SA and Telefonica SA. The sale price amounted to 4,161 million euros. The transaction determined a positive impact on the net financial position of Pirelli of 3,329 million euros.

On 29 October, the Pirelli Group signed an agreement with Alcatel-Lucent relating to the purchase of the 12.4% stake in Avanex Corporation held by Alcatel-Lucent at a market price of about 33.4 million euros. In the context of the transaction, Alcatel-Lucent signed a supply agreement with Pirelli and Avanex in the sector of optical components.

Bonds maturing in the 18 months following 9 November 2007

On 21 October 2008, the 500 million euro bond issued by Pirelli & C. SpA in 1998 at a fixed rate of 4.875% will mature.

On 7 April 2009, the 150 million euro bond issued by Pirelli & C. SpA in 1999 at a fixed rate of 5.125% will mature.

Conference call

The results of operations as of 30 September 2007 will be illustrated at 5:45 p.m. CEST during a conference call in which the Chairman of Pirelli & C. SpA, Marco Tronchetti Provera, will intervene.
Journalists will be able to follow the presentation by telephone, without the possibility to ask questions, by calling the number **+39 06 33485042**.

The presentation will also be available via audio streaming – in real time – on the website www.pirelli.com, in the Investor Relations section, where it will be possible to consult the slides.

Calendar of 2008 corporate events

The calendar of board and shareholder activities for 2008 is as follows:

26 March 2008: Board of Directors' meeting for review of the draft and consolidated financial statements as of 31 December 2007. These documents will be made available to the public within 90 days of the close of the fiscal year and therefore, as per article 82 of Consob resolution 11971/99, a quarterly report relating to the fourth quarter 2007 will not be prepared.

28 April 2008 (first call), **29 April 2008** (second call): Shareholders' meeting for approval of the financial statements.

9 May 2008: Board of Directors' meeting for review of consolidated results for the first quarter of 2008.

5 August 2008: Board of Directors' meeting for review of the report on first half results as of 30 June 2008. This document will be made available to the public within 75 days from the close of the half and therefore, as per article 82 of Consob resolution 11971/99, a quarterly report relating to the second quarter 2008 will not be prepared.

7 November 2008: Board of Directors' meeting for review of consolidated results of the third quarter of 2008.

The Manager mandated to draft corporate accounting documents of Pirelli & C. S.p.A., Claudio De Conto, declares – as per art. 154-bis, comma 2 of the Testo Unico della Finanza – that the accounting information contained in this press release corresponds to the documented results, books and accounting registers.

In this press release, in addition to the financial performance measures established by IFRS, certain non-IFRS measures originated from the latter are presented although they are not required by IFRS ("Non-GAAP Measures"). These performance measures are presented for purposes of a better understanding of the trend of operations of the Group and should not be construed as a substitute for the information required by IFRS. Specifically, the "Non-GAAP Measures" used are described as follows:

Gross operating profit (EBITDA): this financial measure is used by the Group as the financial target in internal business plans and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group as a whole and for each single segment, in addition to the Operating Income. The Gross Operating Profit is an intermediate performance measure represented by the Operating Income from which depreciation and amortization are subtracted.

Income from participations: income from participations consists of all the effects recorded in the income statement referring to investments that are not consolidated line-by-line. These include dividends, the share of the earnings (losses) of companies accounted for using the equity method, impairment losses of available-for sale financial assets and gains (losses) on the disposal of available-for-sale financial assets.
Movements in the fair value of assets available-for-sale that are recognized directly in equity are excluded.

Net financial position: this performance measure is represented by the gross financial debt less cash and cash equivalents as well as other interest-earning financial receivables.

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For the purpose of allowing for more complete information on the results as of 30 September 2007, attached are the consolidated summary figures of the balance sheet and profit and loss account included in the Report approved by the Board of Directors. It should be noted that such tables are not the object of review by the auditor.

Attachment 1

PIRELLI & C. S.p.A. GROUP

(million euros)

	3rd Q 2007	3rd Q 2006	30/09/2007		30/09/2006	31/12/2006
. Sales	**2,037.7**	1,177.2	**5,234.4**	*	3,623.1	4,841.2
. Sales (excluding DGAG)	**1,284.4**	1,177.2	**3,951.2**		3,623.1	4,841.2
. EBITDA	**125.3**	137.8	**445.0**		462.0	614.1
% on sales (excluding DGAG)	**9.8%**	11.7%	**11.3%**		12.8%	12.7%
. EBIT	**71.1**	83.6	**285.2**		299.7	401.4
% on sales (excluding DGAG)	**5.5%**	7.1%	**7.2%**		8.3%	8.3%
. Income from equity participations	**37.3**	419.5	**164.8**		513.5	790.7
. Operat. income incl. income from equity part.	**108.4**	503.1	**450.0**		813.2	1,192.1
. Financial charges/income	**(52.1)**	(18.6)	**(133.3)**		(129.3)	(143.1)
. Tax charges	**(30.4)**	(33.9)	**(109.6)**		(111.4)	(127.8)
. Net result businesses in operation	**25.9**	450.6	**207.1**		572.5	921.2
% on sales (excluding deconsolidation DGAG)	**2.0%**	n.s.	**5.2%**		15.8%	19.0%
. Net result discontinued operations	19.1	(2,054.2)	**36.2**		(1,983.0)	(1,970.0)
. Total net result	**45.0**	(1,603.6)	**243.3**		(1,410.5)	(1,048.8)
. Net profit attributable to Pirelli & C. S.p.A.			***129.8***		*(1,472.4)*	*(1,167.4)*
. Attributable net profit per share (in euro)			***0.024***		*(0.276)*	*(0.217)*
. Assets			7,130.1		6,378.0	6,923.8
. Net working capital			533.6		199.2	462.8
. Net capital invested			**7,663.7**		6,577.2	7,386.6
. Shareholders' equity			**4,665.1**		4,426.7	4,686.6
. Funds			669.8		719.7	720.4
. Net financial position (assets)/liabilities			**2,328.8**	**	1,430.8	1,979.6
. Shareholders' equity attributable to Pirelli & C. S.p.A.			***3,858.3***		*5,342.0*	*3,879.6*
. Shareholders' equity per share (in euro)			*0.719*		*0.995*	*0.723*
. R&D investments			**130**		131	171
. Employees n. (at the end of the period)			**31,502**		28,645	28,617
. Number of plants			**24**		24	24
Pirelli & C. shares in circulation						
. ordinary (n. million)			5,233.1		5,233.1	5,233.1
. savings (n. million)			134.8		134.8	134.8
. Total shares in circulation			5,367.9		5,367.9	5,367.9

* of which partial deconsolidation DGAG impact 1,283.2 million euros

** of which DGAG impact 93.2 million euros (140 million euros on 31/12/2006)

Attachment 2

(million euros)	Tyre	Broadband	Ambiente	Real Estate		Others	TOTAL
				30.09.2007			
. Sales	3,191.8	91.9	50.7	1,895.7	*	4.3	**5,234.4**
. Sales (excluding DGAG)				612.5			**3,951.2**
. EBITDA	430.6	(8.4)	(4.5)	33.3		(6.0)	**445.0**
. EBIT	286.2	(10.1)	(5.0)	26.1		(12.0)	**285.2**
. Income from equity participations	0.4	-	-	137.9		26.5	**164.8**
. Operating income incl. income from eq. part.	286.6	(10.1)	(5.0)	164.0		14.5	**450.0**
. Financial charges/income	(43.2)	(2.5)	(0.3)	(40.5)		(46.8)	**(133.3)**
. Tax charges	(83.4)	0.0	-	(21.0)		(5.2)	**(109.6)**
. Net result businesses in operation	160.0	(12.6)	(5.3)	102.5		(37.5)	**207.1**
. Net financial position (assets)/liab.	687.0	46.0	12.8	337.4 (:)		1,245.6	**2,328.8** (:)

* of which partial deconsolidation DGAG impact 1,283.2 million euros
(:) of which DGAG impact 93.2 million euros

(million euros)	Tyre	Broadband	Ambiente	Real Estate	Others	TOTAL
				30.09.2006		
. Sales	2,990.6	102.6	54.5	464.4	11.0	**3,623.1**
. EBITDA	418.1	(0.1)	1.5	58.9	(16.4)	**462.0**
. EBIT	271.4	(1.0)	0.9	52.3	(23.9)	**299.7**
. Income from equity participations	0.3	-	-	63.3	449.9	**513.5**
. Operating income incl. income from eq. part.	271.7	(1.0)	0.9	115.6	426.0	**813.2**
. Financial charges/income	(42.3)	(1.0)	0.0	(1.0)	(85.0)	**(129.3)**
. Tax charges	(75.8)	(0.5)	(0.4)	(29.2)	(5.5)	**(111.4)**
. Net result businesses in operation	153.6	(2.5)	0.5	85.4	335.5	**572.5**
. Net financial position (assets)/liab.	783.3	9.0	(0.3)	94.9	543.9	**1,430.8**